



Water Resource Management Plan 2024

Statement of Response

INDEPENDENT WATER NETWORKS LTD.

October 2024



Document Control Sheet

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| <p>TITLE:</p> <p>Statement of Response, WRMP24</p> | <p>VERSION:</p> <p>Final October 2024</p> |
| <p>Document Business Owner:</p> | <p>Olivia Moreton October 2024</p> |
| <p>Reviewed by:</p> | <p></p> <p>Paula Agutter October 2024</p> |
| <p>Approved by:</p> | <p>Charlie Thackeray October 2024</p> <p>On behalf of IWNL board</p> |

Introduction

This is the Statement of Response of Independent Water Networks Limited (IWNL) to representations received by DEFRA from various consultees during its consultation on IWNL's draft WRMP (Water Resource Management Plan) 2024.

IWNL has listed below the representations received and has explained the changes made to the draft Drought Plan as a consequence of such representations or, where no changes have been made, IWNL has given its reasons for not doing so.

Context

IWNL is part of the BUUK Infrastructure group of companies which focuses primarily on the new build market, dividing its activities between the regulated ownership of utility network assets and the unregulated provision of utility infrastructure and asset management services.

IWNL is a regulated water and wastewater undertaker appointed by Ofwat under its new appointments and variations process. IWNL have been granted various appointments to provide water and wastewater services for certain new housing developments in distinct geographical regions, instead of the incumbent undertakers identified in the tables below.

IWNL owns no water resources or treatment assets. It operates by securing bulk supply and discharge services from the incumbent supplier and retailing this to its customers.

Consultation responses

A total of seven written representations were received. These were from The Environment Agency, Natural England, CCW, Ofwat, Arqiva and two IWNL customers.

All material amendments made to the draft WRMP24 as a result of these responses are summarised below.

New Insets

The Environment Agency and Ofwat required clarification on the publication of information for sites which were granted between the draft and final WRMP, and those which are granted post-WRMP publication.

"Where possible, IWNL should include in its final WRMP new sites that have been or will be granted between draft and final WRMP." Ofwat

"A clear cut off date is not given for when sites granted were cut off from being included in the plan. Customers should be made aware if their sites were included before this cut-off date." Environment Agency

"The company has not stated if it will be including new sites in its final plan. The company should explain within text how any new sites might be added in future submissions." Environment Agency

IWNL has included sites won up until December 2023. New sites will be included in IWNL's annual data return. Under "Inset Appointments", paragraph 6 of IWNL's WRMP24, the following has been included to address these comments - *"Sites won prior and up to December 2023 are included in this plan."*

"The company should include text to explain how the Annual Review will be used to update on new sites granted and report back on key metrics." Environment Agency

Clarification has been added to the WRMP24, under "Inset Appointments", paragraph 6:

"These tables will be updated to include the new inset licences data and forecast and as such will show key metrics such as the supply-demand balance".

Security

An IWNL customer commented on the security of water and how IWNL *"carries responsibility for its role in the supply chain"*. An additional comment has been added under Security Considerations, paragraph 1 - *"Our considerations cover the infrastructure in our ownership or over which we have control; IWNL report annually on these SEMD requirements to DEFRA."*

Levels of Service

The Environment Agency noted *"the Levels of Service must align with the current incumbent values."* Due the timings of IWNL's draft publication and incumbent's draft publications, there were discrepancies. Please see Appendix B for these changes.

Stakeholder Engagement

Owat, Environment Agency, and Natural England requested clarification on stakeholder engagement. Two examples of these comments are illustrated below.

"More details of communication and information sharing between the incumbent water companies would improve the plan and give confidence about the plan. Any uncertainty associated with incumbent bulk supply agreements needs to be detailed in the final WRMP." Owat

"The company has not outlined how it will work with incumbent water companies to support their messaging to customers on consumption. The company could consider working alongside incumbents to help deliver similar messaging to ensure alignment." Environment Agency

A new section titled "Communication" has been added to the WRMP24 which outlines the engagement IWNL routinely undertakes with incumbent water companies and how this changes during dry weather events.

Customer Engagement

IWNL received comments from Owat about IWNL's customer engagement.

“There is no evidence of customer participation in the development of IWNL's draft WRMP.” Ofwat

IWNL customers who have opted in to receive customer communications from IWNL received a text and/or email inviting them to consult on the dWRMP24. In addition to this, a non-technical summary of the dWRMP24 is published on IWNL's website <https://www.iwnl.co.uk/about-us/our-water-resource-management-plan/>. Future dWRMP will clearly state the steps which have been undertaken to engage customers as part of the consultation process.

We aspire to engage our customers proactively to understand their needs more fully. We recognise the strides forward being made in customer service in other industries and the focus that Ofwat places on encouraging incumbents to secure a good understanding of the views of their customer base, through both the price control and WRMP process. We fully understand the rationale for this and the importance of actively seeking to obtain customers views where we can, to ensure that our priorities reflect theirs and are better aligned to them.

We recognise that there are improvements we could make to the process of engaging our end customer base in developing our forward-looking WRMP. Unfortunately, at this point in the process we do not have enough time to initiate further targeted engagement to inform WRMP24, but we intend to learn lessons from this experience and are therefore putting plans in place to initiate further proactive engagement on future WRMPs by taking the following steps.

- Making use of IWNL consumer engagement initiatives: In the 2021-22 IWNL customer statement we set out that we were committed to moving away from the traditional utility school of thought that assumes we know what our customers want without asking them. In line with this, in 2022 we initiated a programme of community engagement to increase IWNL customer visibility and clarify our role in meeting their water and waste needs. Having spoken to colleagues in this area, we understand there is scope for us to use these engagement opportunities to pursue targeted insights with respect to WRMP29. We acknowledge the difficulties of effectively engaging our customer base on these issues and will therefore seek to make use, not only of the opportunities that arise directly ahead of the preparation of the draft WRMP29 but, of all possible opportunities to help us attain a clearer picture of our customers.
- Reviewing customer contacts to attain insights on their priorities: We recognise that our customer contact centre is a valuable source of insight on the views of our customers. Following discussions with colleagues in our retail team, we understand that regular reviews are carried out with respect to the information attained via our day-to-day engagement with our customers to glean insights on their needs and identify areas for improvement. As one of the key steps in developing WRMP29, we will seek to utilise the outputs from these reviews to attain insights on customer's needs, views, and preferences with respect to the future IWNL water resource strategy.
- Placing a link to the draft documents on the IWNL website welcome page: A simple, yet potentially effective, step will be to place a link to the consultation on the welcome page of the IWNL website. This will offer greater visibility to our customers, as well as other key stakeholders, regarding our interest in attaining their views on key issues.

- **Monitoring emerging best practice:** As outlined above, we are aware of the emphasis that Ofwat has placed on the importance of effective and meaningful customer engagement during PR19 and now as part of PR24. We are aware that the customer engagement that both Ofwat and the incumbent water companies pursue as part of this process will offer best practice insights in terms of what works (and what does not) when seeking to better understand customer needs. We intend to make use of these lessons learned to refine our engagement programme for WRMP29.

Greenhouse Gases

“The company has not included an assessment of greenhouse gas emissions based on customer water consumption. There is also no information on how the company will work to reduce emissions or how these steps will support delivery of the UK government’s net zero greenhouse gas emissions targets and commitments.” Environment Agency

Additional information has been provided under section Greenhouse Gas Emissions and Appendix C which details the estimated emissions per megalitre imported into IWNL sites by incumbents. This value has been accounted for in the incumbents' plans. Incumbents have confirmed that they are committed to reducing the impact of carbon emissions over the planning period. IWNL understands the importance of reducing the impact of carbon emissions and as such will continue to work closely with incumbent companies to reduce carbon emissions.

dWRMP Formatting and Data

Environment Agency suggested that the tables within the report are placed into a separate document. The tables within the WRMP24 report have been moved into separate appendices. IWNL have undertaken additional checks to ensure the data is consistent between the report and data tables.

Metering

IWNL received several comments on metering plans and the meters used. The below addresses these comments and any clarifications to WRMP24 are listed.

All IWNL properties have an Automated Meter Reading (AMR) meters. AMR meters are not smart meters as they communicate one way. As new developments are built out, an AMR meter is installed. IWNL’s metering strategy is to continue to install AMR meters on new build properties, in line with the Government policy.

IWNL operate in small pockets throughout England where economies of scale associated with installing communication infrastructure (AMI) to enable smart metering cannot yet be realised. This means that the unit cost for implementing a smart metering programme is significantly higher than it is for incumbent water companies.

The benefits of smart meters over no meters are clear, however the benefits compared to AMR are lower in terms of reducing end-user consumption. There is currently a lack of data on the benefits of changing from AMR to smart metering. Once data is available on this, IWNL will re-assess the cost and benefits associated of smart metering.

IWNL's AMR meters collect 30-minute consumption data through a meter download. The data provides consumption history at the same granularity as a smart, although not in near real-time. IWNL offer this service to its customer base who may suspect they have a leak at their property. IWNL also use the data collected to help model "normal" consumption profiles for the properties.

IWNL actively participate in industry updates surrounding smart metering and other smart technology. Attendance of Diehl Metering User Group which is attended by other incumbents and discussions focus on updates to the water metering landscape. Conferences and Webinars are also regularly attended, such as the Smart Water Systems Conference 2023.

Further, IWNL install data loggers at the bulk supply meters at the site boundary to monitor consumption and flows. We can view and detect site outages, pressure changes and leaks in real time. We are proactively installing loggers at our live sites.

Changes to the following sections have been made:

- Demand, first paragraph
- Demand, second paragraph
- Demand, third paragraph
- Whole company summary table amended

PCC

Ofwat and Natural England commented on IWNL's target of a 110 PCC by 2050 and that NAVs should not be constraint by the 110 PCC target. Environment Agency requested further information on how 110 PCC will be met. The last paragraph under "Domestic Demand" has been added to WRMP24 to address these comments.

Natural England requested further information on IWNL's nature-based solutions. IWNL has not included any nature-based solutions within the plan, however IWNL has other water efficiency measures discussed within the plan which include exploring water neutrality.

CCW commented that IWNL "will need to engage with non-household customers to promote water efficiency". IWNL's programme of inspections includes targeting 100% of the non-domestic properties of which any improvements will be reported to the customer. <https://www.iwnl.co.uk/businesses/saving-water-in-your-business/> We recognise that further improvements could be made to engage with our non-domestic customers such as expanding on the water saving section of our website for businesses. CW further commented that IWNL should "work with the wider industry". IWNL attends various conferences and forums on water efficiency such as Water Regulations UK (WRUK) technical group, WRUK practitioners' group and WRUK guidance group.

An IWNL customer stated that more should be done to achieve efficiency gains such as using reuse/recycle/harvesting. Rainwater harvesting is currently used at IWNL sites on non-domestic or multi-occupancy buildings. The greywater is used for non-drinking purposes such as watering gardens and outdoor taps for bike storages.

Leakage

IWNL received several comments on its leakage strategy and target.

“Target leakage reduction of 10% (5% to 4.5%), not 50% per plan guidance; IWNL believes that 50% is not achievable. There is a serious disconnect between the target and the performance measure. Why would IWNL restate/reset/ignore this target?” Statement from an IWNL customer

IWNL install new, fully welded plastic networks where the levels of leakage are industry-leading, where metering penetration is 100%, and we are actively installing data loggers at the bulk supply meters at the site boundary to monitor consumption and flows. We can view and detect site outages, pressure changes, and leaks in real time.

Further, leakage reduction is significantly more cost-effective when leakage levels are already high. Truck main repairs, for example, save far greater water than finding and repairing small leaks on services and/or small diameter mains. In this regard, it would be disproportionate to expect IWNL to reduce its overall levels of leakage by 50%. No change to our plan has been made due to this statement.

“We are expecting all companies, including NAVs, to make significant effort on demand reduction including PCC reduction, significant water efficiency activities, and delivering low levels of leakage. You should include discussion on the technology and practices you plan to use for effective leakage detection and repair.” Ofwat

We are expanding our leakage team proportionately to support our connections growth and have a dedicated leakage engineer. The engineer is hydrophone logger trained and whilst employed by IWNL, worked alongside an Anglian Water network team to share, and gain knowledge. Amendments have been made to paragraph 6 under “Leakage”.

“Planning tables assumed savings from leakage control stays the same from 2019-20 to 2099-100.

The company previous year AR reported higher leakage than the company target. However, there is not detail in the plan on how they will be increasing work to reduce leakage. Across the planning period represented in the tables, the benefits from leakage control also stays stagnant.

The company recognises that it will have to create a leakage strategy as assets age but it is not clear when it will be implemented or what this will look like. The benefits of this strategy are not seen in the planning tables.” Environment Agency

The WRMP24 has been amended following these comments. The “Leakage” section, paragraph 6, includes further information on IWNL’s leakage plan.

Our current assets are estimated to last 50+ years before faults are anticipated to appear. With this in mind, and the still relatively new nature of these assets, it is not yet necessary to increase our leakage detection as having each property metered as well as meters at the site boundary allows for effective leak detection. IWNL will assess if details will be included in the next WRMP.

“USPL and leakage are not reported separately. One figure is only used in unaccounted for water.

The company should explain why it will take several years to get this data and should highlight when it will be reporting USPL and leakage separately.” Environment Agency

The vast majority of IWNL’s sites are at an early stage of development. Meaningful assessments of unaccounted-for supply pipe background leakage and operational usage will therefore be difficult to make until several years of operational metering data are available. Due to this, it is difficult to predict when we will be able to report USPL and leakage separately. In the meantime, regular monitoring of demands and trends in readings from bulk meters will continue which will aid the assessment of when IWNL will be able to separately report these figures. We have not made amendments to the plan based on this comment.

Clarification has been provided under section 5 regarding our option appraisal.

Bulk Supply Agreements

“Ensure there are no deficits in the plan by providing a process and timescale for the renegotiation of bulk supply agreements to ensure the company can meet demand. The company should begin this process for the 8 sites that are currently in deficit to bring all sites into surplus.” Environment Agency

IWNL have renegotiated the bulk supply for Doncaster Road. The original bulk supply agreement (BSA) had an annual volume of 839.38 m³. The new BSA has an annual volume of 3397.50 m³. The new volume is used in WRMP24. This increase of volume ensures that there is no supply demand deficit for Doncaster Road. A comment has been added to the tables for Doncaster Road explaining this change.

The UK Water standard is 28 calendar days (20 working days) for a response from an incumbent when negotiating a BSA or variation. Below is a quote used on our applications which outline this expectation.

Please note that the Ofwat Application guidance for new appointments and variations considers it reasonable to expect existing appointees to pass on this information to applicants within 20 working days of receiving the initial request. If existing appointees believe the work needed to meet the network information timeframe will exceed 20 days, they must inform Ofwat and the applicant as early in the process as is possible with reasons for believing the 20-day timeframe may not be met.

In cases where the BSA is not fit, IWNL will provide evidence as to why the BSA figure is unsuitable and enter a discussion with the incumbent as to what is required to ensure that our supply demand balance is in the positive.

Any changes of volume will be discussed in the relevant annual review. IWNL's WRMP24 includes a section on Bulk Supply Agreements and the process for re-negotiating.

IWNL are currently working on a PowerBI solution which will illustrate the supply-demand balance graph during the NAV award process. This will enable the team to identify if a BSA volume is sufficient and if not, engage with the incumbent prior to signing the BSA.

Supply Demand Deficit

The data used for Naisberry Farm and Breary Lane had a transcription error, which resulted in a supply demand deficit. This figure has been corrected in the updated tables for WRMP24 and there is no negative supply demand balance for these sites.

Croston Road, Windy Arbour, Stainburn, Warton Fylde and Belle Vue used a PCC of 125 in the dWRMP. These figures have been amended to 100PCC as agreed with the incumbent during the BSA negotiations. At present, these sites are new and are not expected to go into a supply demand deficit until further developed. IWNL will monitor these sites and if at a 50% build out they are approaching a supply demand deficit, IWNL will renegotiate the BSA for these sites. A comment for these sites has been added to the tables.

IWNL are currently working on a PowerBI solution that will illustrate the supply-demand balance at the NAV award process. This will also include checks to ensure there are no transcription errors which were seen previously. It will also allow the team to identify that the BSA volume is sufficient and encourages engagement with the incumbent as necessary.

Water Stressed

"The company should include detail on how it will increase targeted demand management work within water stressed areas." Environment Agency

IWNL currently considers water stressed areas during the NAV application process. Sites which are in water stressed areas have a 110 PCC target compared to 125 PCC for non-water stressed areas. IWNL have a target of 110 PCC target for all sites by 2050 in line with government guidance.

Regardless of water stressed status, IWNL targets sites which show higher levels of leakage; this is done through the methods described under the Leakage and Metering section of this document and the Leakage section in the WRMP24. This contributes to our demand side management.

Further, customer communication plays a part in IWNL's demand side management strategy. Regardless of water stressed status, customers receive water wise messaging to aid the reduction of PCC. All bills include a table to show customers how their water consumption compares to industry averages for number of occupants, this additional information will enable customers to control their own usage.

During the next five years, IWNL will monitor and utilise site-specific consumption data to target the delivery of water-efficiency messages to our customers in specific zones, including water stressed areas, and use metering data to evaluate the efficacy of these messages.

Amendments have been made in the following sections of the WRMP24:

- Water Efficiency, final paragraph
- Domestic Demand, final paragraph

Headroom

“The target headroom is stated as increasing from 6.7% in the previous plan to 7.9% by 2049/50 in the current plan. The UKWIR methods have been given but there is not a breakdown of components within this target or an explanation of why this is increasing in the plan.” Environment Agency

The previous plan had a target headroom of 6.5% for 2017/18 to 7.7% for 2044/45. This plan has a target headroom of 6.7% for 2022/2023 to 7.9% for 2049/50. The target headroom has increased 0.2% between the plans as the planning period has increased by 5 years. The “Target Headroom” section has been updated to expand on the methodology used.

“The target headroom in the planning tables does not match the numbers given in the narrative.”
Environment Agency

The tables have been updated.

Testing

Environment Agency requested evidence of scenario testing for extreme events such as drought or for climate change. A new section has been added to the plan which discusses scenario testing; this section is titled “Scenario Testing”.

Environment Agency requested clarification on whether a dry year annual average was used within the plan. Amendments have been made under “The Scope of the Plan”, second bullet point, which states that a dry year annual average has been used.

Other

IWNL received consultation comments which are not linked to the WRMP24 such as the privatisation of the water industry and consumer costs. Where applicable, these comments have been passed to the relevant department. No changes to the WRMP24 have been made on the bases of these comments.

Update October 2024

A total of 2 written actions were received from The Environment Agency following the submission of the final draft in June 2023. All material amendments made to the draft WRMP as a result of these responses are summarised below.

The Environment Agency commented that IWNL must *“ensure that all deficits are resolved, or plan to be resolved, to avoid risk to security of supply”*

Currently there are no supply demand deficits in the WRMP24, we will continue to monitor in case this changes.

The Environment Agency commented that IWNL must *“ensure that these sites [adjusted to 100 l/h/d PCC] are not at risk of deficit, and make sure that any PCC readjustments are not over-optimistic*

The following statement is now included in the final report on page 18 under Domestic Demand:

A selection of new sites were given a PCC target of 100 l/h/d. These sites have had water saving efficiencies installed into properties by the developer to reduce usage. Because of this, IWNL believes the 100 l/h/d PCC target is attainable. These sites will be monitored for usage throughout their construction and if any this target does not appear possible by 50% build out rate then negotiations will begin with the incumbent to adjust the bulk supply agreement in accordance.

Closing Statement

IWNL thanks all consultees for the responses to its draft WRMP24, the document has been revised accordingly.